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RHEHAAA/NATIONAL SECURITY COUNCIL WASHINGTON DC

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SIPDIS

DEPT FOR ISN/RA (J.ALLEN-CLOSE), NEA/IR, EUR/PRA, AND
EUR/AGS (Y.SAINT-ANDRE), NSC FOR JEFF HOVENIER

E.O. 12958: DECL: 09/02/2024

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SUBJECT: COLENCO WILL NOT CHALLENGE SWISS GOVERNMENT
DECISION

REF: BERN 273

Classified By: DCM Leigh G. Carter; reasons 1.4(b) and (d).

¶1. (S) Swiss State Secretary for Economics and Trade Affairs Jean-Daniel Gerber informed Ambassador Beyer on September 3 that the Swedish-owned, Switzerland-based firm Colenco will not challenge the Swiss government's decision to shut down its commercial activities in Iran. According to Gerber, Colenco confirmed to the Swiss State Secretariat for Economic Affairs (SECO) that it will not opt to make a legal challenge despite the fact the deadline for such action is not until September 10.

¶2. (S) Gerber explained that he was the primary interlocutor with Colenco in SECO's efforts to convince Colenco to cease business with Iran. He said that he believed that Colenco was a "good company" and would have taken the decision to halt its Iranian contract based solely on moral suasion from SECO, but needed the cover of the Swiss government's decision to halt Colenco's involvement with the Iranian lightwater nuclear reactor program, in case the Iranians pursue damages for the breached contract. If the Iranians seek monetary damages for breach of contract, the Swiss government could be liable to pay damages under force majeure.

¶3. (S) Given the Swiss government's exposure to these potential monetary damages, Gerber asked for assistance from the USG for any further information that could be used to explain SECO's decision. He also said that he would appreciate the opportunity to speak with senior Department interlocutor(s) on the Colenco issue, either in Washington or in Bern, as feasible. Gerber is tentatively scheduled to be in Washington the week of October 19.
BEYER